



Economic land concessions decrease rural household incomes in Cambodia

Jiao, Xi; Smith-Hall, Carsten; Theilade, Ida

Publication date:
2016

Document version
Publisher's PDF, also known as Version of record

Citation for published version (APA):
Jiao, X., Smith-Hall, C., & Theilade, I. (2016). *Economic land concessions decrease rural household incomes in Cambodia*. Department of Food and Resource Economics, University of Copenhagen. Policy Briefs (Copenhagen Centre for Development Research) No. 02/2016



POLICY BRIEFS • COPENHAGEN CENTRE FOR DEVELOPMENT RESEARCH

NO. 02 • JUNE 2016



Economic land concession: a rubber plantation in Tum Ring Commune, Kampong Thom Province. Photo: Xi Jiao

Economic land concessions decrease rural household incomes in Cambodia

Introduction

Much recent literature on privatization and enclosure in the Global South has focused on land grabbing: a popular term for the large-scale acquisition of land or land-related rights and resources by corporate (business, non-profit or public) entities (White et al., 2012). In Cambodia, Economic Land Concessions (ELCs) were formalized in the Land Law of 2001 as long-term leases granting state land to a concessionaire for industrial agricultural development. In 2012, the area under ELCs passed two million hectares, more than half of the country's arable land (Vriese and Naren, 2012). ELC arrangements are made at levels of national and provincial governments; they are designed to boost growth, modernize agriculture by increasing land holding size for achieving higher efficiency and productivity, and contribute to improving rural livelihoods. There are, however, no indications that ELCs in Cambodia have contributed to reducing rural poverty in directly affected communities (LICADHO, 2005; Scheidel et al., 2013). As rural households in Cambodia are highly reliant on incomes from agricultural lands and

uncultivated environments, this large-scale land allocation may have affected some 400,000 people, as leased land is obtained mostly from areas used by small-holder farmers to produce agricultural and environmental products (LICADHO, 2013).

Here we present new empirical evidence of the negative effects of ELCs on rural incomes and livelihoods (see Jiao et al., 2015 for more details about the analysis). Data was generated through a structured household survey aiming at collecting high-quality environmentally-augmented rural household-level income. A total of 600 households were randomly selected and interviewed in Takaen Commune in Kampot Province, Sangkae Satob in Kampong Speu, and Tum Ring in Kampong Thom. Site selection criteria included: (i) large areas deforested within the last 10-15 years (agricultural frontier), and (ii) some degree of household-level environmental product reliance.

Policy Recommendations

- Reinforce the Moratorium (Order 01, May 2012) on suspending approval of new ELCs and reviewing existing concessions in Cambodia.
- Revise the Land Law on ELCs and enhance policy compliance in ELC management, participatory local level consultation, and equitable compensation mechanisms.
- Strengthen land registration and certification schemes and ensure secure tenure for small-holders.
- Empower small-holder farmers with rights to undertake contract and family farming, and to trade registered land as property.

Marginal lands constitute a significant source of income for rural households

Existing literature suggests that ELCs lead to decreased household environmental income due to clearance of mosaic agricultural and forest landscapes where rural households access diverse environmental products for both subsistence and cash incomes (Cotula et al., 2009; LICADHO, 2005; Subedi, 2012). Local households tend to be pushed from productive farmland and forced to occupy increasingly marginal lands (Cotula et al., 2009; Scheidel et al., 2013). We found this to be the case in Tum Ring Commune, where rubber plantation establishment displaced local land users. In the other two communes, villagers have to travel further and spend a longer time to collect environmental products.

Quantifying environmentally augmented rural household incomes in Cambodia

Our study shows that rural households are heavily reliant on environmental and agricultural incomes in the study areas. The average environmental income reliance of 33 % for these 600 households indicates that forest and other uncultivated habitats are important to rural incomes in

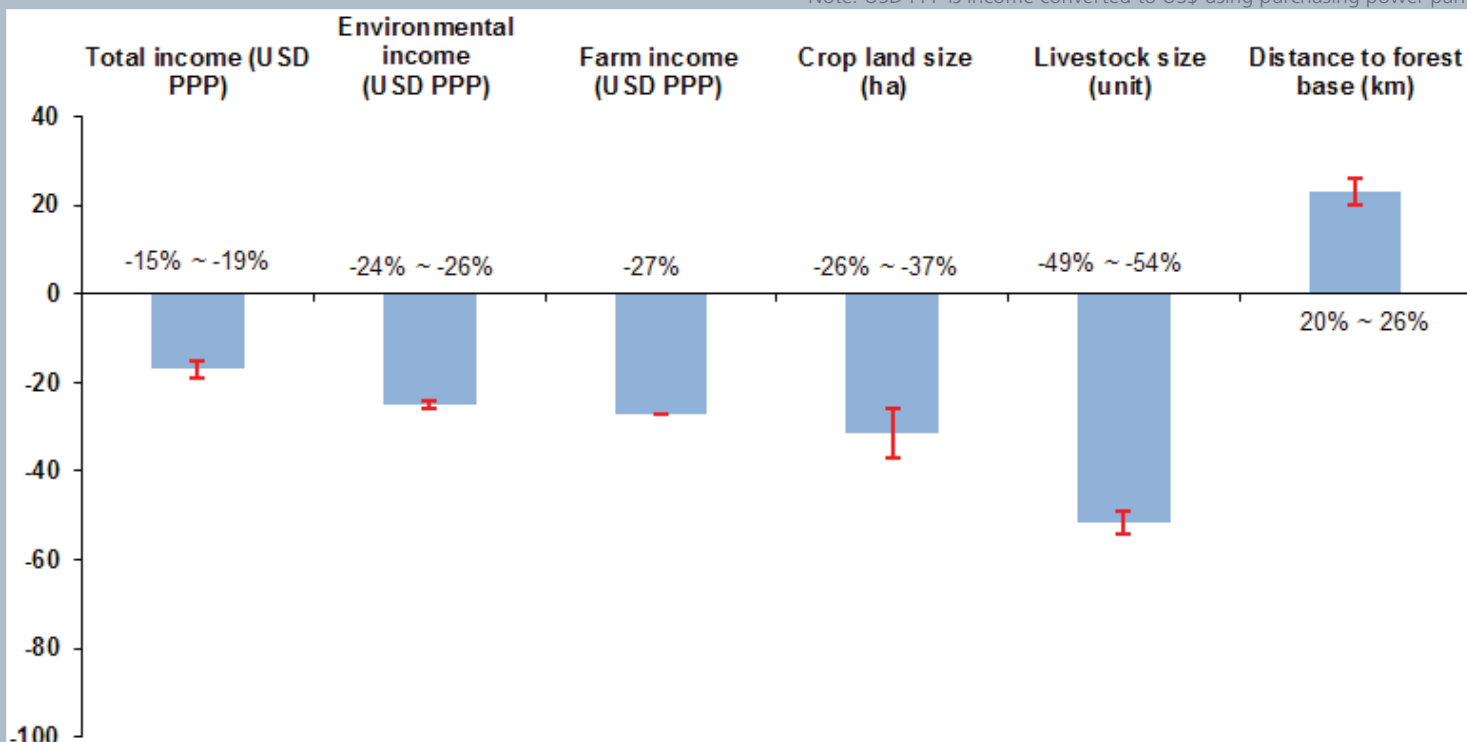
agricultural frontier areas. The sum of environmental and farm incomes across all income quartiles, ranging from 84 % to 87 % of total household income, implies that households in all wealth groups are susceptible to effects following from the establishment of ELCs. All environmental and farm incomes are reliant on access to land and/or related environmental products, such as firewood, charcoal, and non-timber forest products. The results also indicate that decreased access to environmental income, and in particular forest products, is likely to increase local income inequality.

Negative impacts of ELCs on local livelihoods

In our study, over half the sampled households were located in villages where land concessions have been implemented. For households in the poorest income quartile, this figure is about 70%. ELCs were found to have negative impacts on household total income, environmental income, farm income, the size of cultivable land and livestock holdings, and the distance to forests in the study areas (Jiao et al., 2015).

Figure 1.
Average impact of Economic Land Concessions on household incomes and assets

Note: USD PPP is income converted to US\$ using purchasing power parity rates





Land clearance for sugarcane concession in Sangkae Satob Commune, Kampong Speu Province. Photo: Xi Jiao

Unfulfilled promises

There are no official figures on job creation by ELCs.

Concession companies tend to hire skilled workers from outside (LICADHO, 2005; White et al., 2012) and house them in compounds. These in-migrating ELC workers may experience increased incomes; however, in Tum Ring, the number of local inhabitants working in the concession was estimated to be less than 5 % of the ELC work force. This arguably puts rural households under pressure to change from quasi self-sufficient subsistence livelihoods to employment-dependent labour options, which include migration to urban areas to look for jobs (Scheidel et al., 2013; Subedi, 2012).

Weak consultation and compensation

Local communities were not consulted or aware of arrangements before concessionaires arrived to stake their claims, as also reported elsewhere (Dararath et al., 2011; Subedi, 2012; UN, 2007). Implementation of compensation schemes is weak, similar to elsewhere in the country (LICADHO, 2005; UN, 2007). In Tum Ring Commune, three ha of new agricultural land per household was granted/allocated by the ELC as compensation for 503 households in the compensation plan agreed in 2001; however, the compensation scheme was completed by 2006 without adequate land registration and with many constraining requirements, such as limitation of crop types on land awarded in compensation. Cash compensation (approx. 150 USD/ha) is also reported in studied communes, though the implementation of compensation often requires a lengthy negotiation process that can take years. The legal position of local communities is typically weak due to lack of land registration (LICADHO, 2005; Markussen, 2008). The local authority reported that 60 % of households sold all of their compensatory land in Tum Ring Commune out of concern about lack of land tenure.

Conclusion

Environmental and farm incomes contribute over 80 % to rural household income in Cambodia (Jiao et al., 2015). Both these income sources rely on access to land and natural resources, making households vulnerable to land-grabbing through ELCs. Exposure to ELCs forces rural households to find alternative income sources and expand their activities on marginal lands. These strongly suggests that the Land Law regarding ELCs should be revised, and that the moratorium issued in 2012 on suspension in granting new ELCs and review of existing concessions needs to be reinforced. We find policy compliance critical towards ensuring transparency in ELC management.

Consultation and equitable compensation mechanisms are necessary to secure the rights and interests of local communities, as are land registration and certificates to ensure secure tenure for local villagers. Equitable options for small-holder land use practices, such as contract farming, family farming, and tradable property rights, present a way forward. These measures can provide farmers with secure land tenure and stable market access, enabling them to develop into independent commercial farmers with higher incomes and entrepreneurial skills.



A rural household in Cambodia. Photo: Ida Theilade

Acknowledgements

The authors thank the villagers and commune officials who generously shared their time and knowledge. Financial support from the Erasmus Mundus Joint Doctorate (EMJD) Programme Forest and Nature for Society (FONASO) and the Research Council of the Ministry of Foreign Affairs of Denmark is acknowledged.



Danida



References

- Cotula, L., Vermeulen, S., Leonard, R., Keeley, J., 2009. Land grab or development opportunity? Agricultural investment and international land deals in Africa. IIED/FAO/IFAD, London/Rome.
- Dararath, Y., Top, N., Lic, V., 2011. Rubber plantation development in Cambodia: At what cost? Economy and Environment Program for Southeast Asia, Singapore.
- Jiao, X., Smith-Hall, C., Theilade, I., 2015. Rural household incomes and land grabbing in Cambodia. Land Use Policy 48, 317-328.
- LICADHO, 2005. Harmful effects of economic land concessions on poor Cambodians, A LICADHO Briefing Paper. Cambodian League for the Promotion and Defence of Human Rights, Phnom Penh.
- LICADHO, 2013. Human Rights 2012: The Year in Review. Cambodian League for the Promotion and Defense of Human Rights, Phnom Penh.
- Markussen, T., 2008. Property Rights, Productivity, and Common Property Resources: Insights from Rural Cambodia. World Development 36, 2277-2296.
- Scheidel, A., Giampietro, M., Ramos-Martin, J., 2013. Self-sufficiency or surplus: Conflicting local and national rural development goals in Cambodia. Land Use Policy 34, 342-352.
- Subedi, S.P., 2012. Report of the Special Rapporteur on the situation of human rights in Cambodia: A human rights analysis of economic and other land concessions in Cambodia. United Nations Human Rights Council, Phnom Penh.
- UN, 2007. Economic land concessions in Cambodia: A human rights perspective, in: OHCHR (Ed.). United Nations Cambodia Office of the High Commissioner for Human Rights, Phnom Penh.
- Vriese, P., Naren, K., 2012. Carving up Cambodia - One concession at the time, The Cambodia Daily (730), Phnom Penh, pp. 4-11.
- White, B., Borras Jr, S.M., Hall, R., Scoones, I., Wolford, W., 2012. The new enclosures: critical perspectives on corporate land deals. Journal of Peasant Studies 39, 619-647.

Authors

Xi Jiao, Carsten Smith-Hall, Ida Theilade
Department of Food and Resource
Economics
University of Copenhagen

Series editors

Mariève Pouliot, Siddharth Sareen & Jevgeniy Bluwstein
Department of Food and
Resource Economics
University of Copenhagen
www.ccdr.ku.dk
www.ifro.ku.dk/english

Design Kent Pørksen
Layout Malene Jensen-Juul

The Copenhagen Centre for Development Research (CCDR) policy briefs present research-based information in a brief and concise format targeted policy makers and researchers. Readers are encouraged to make reference to the briefs or the underlying research publications in their own publications.

ISSN 2246-6800

Title: Policy briefs (Copenhagen Centre for Research and Development) (Online)